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World Financial Center
New York, NY 10285

Delivered by E-Mail and Regular Mail

March 28, 2005

Jennifer J. Johnson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, D.C. 20551

Re: Docket No. R-1217 – Advance Notice of Proposed Rulemaking, Regulation Z

Dear Ms. Johnson:

This letter is submitted by American Express Travel Related Services Company, Inc., on behalf of itself and its card-issuing affiliates (collectively “American Express”) regarding the Federal Reserve Board’s (“Board”) advance notice of proposed rulemaking (“ANPR”) to Regulation Z promulgated under the Truth in Lending Act (“TILA”). American Express appreciates the opportunity to comment on the ANPR.

American Express supports the Board’s efforts to undertake a comprehensive review of the open-end credit rules of Regulation Z. Issuers of credit and charge cards have been very innovative in recent years in developing new credit products and related services and in providing flexibility in offering credit to broader groups of consumers. We believe that the types, categories, and features of credit and charge cards will continue to grow. Cobranded products offering unique rewards features, smart cards and other cards that will be “computer-ready” are just a few such categories. In light of continuing developments in the open-end credit marketplace, periodic review of Regulation Z will help advance the purposes of TILA, which are to:

- Provide meaningful disclosures to consumers;
- Enable consumers to compare available credit terms; and
- Facilitate informed use of credit by consumers.

We believe the single most significant opportunity to update the Regulation to accomplish these purposes may be to update the format and content requirements of the Schumer box disclosures. As disclosure is the centerpiece of Regulation Z, it would be appropriate for the Board to reconsider the content and format of required open-end credit disclosures. Along these lines, the Board has solicited comments on whether formatting rules would enhance consumers' ability to notice and understand account-opening disclosures. Comment is also requested on the effectiveness of the Schumer box, and whether formatting issues regarding the Schumer box should be considered. In proposing amendments to Regulation Z, the Board may want to focus on developments now and in the future in the open-end credit marketplace and new products that have been introduced. Over time, we believe that additional or different terms may become more meaningful to consumers, and others less so. For this reason, we believe that the review of the open-end disclosure rules should include a review of which terms are most meaningful and helpful to consumers in comparing available credit terms and making informed decisions about using credit.

In particular, consideration should be given to whether the categories of terms currently required to be disclosed in tabular format in the Schumer box align with those terms most meaningful to consumers. The variety and complexity of open-end credit products and services has increased dramatically over time. As a result, certain terms presently required to be displayed in the Schumer box may have become less meaningful to consumers over that same time. Correspondingly, certain terms not currently required in the Schumer box may have become more meaningful to consumers, such as, by way of example, those relating to different fees, APRs and their respective triggering events.

Additionally, we believe the Board should consider whether a further degree of uniformity in format and terminology used in the Schumer box would assist consumers in comparing available credit terms. Increased uniformity might also benefit consumers' understanding of credit terms, as consumers would over time become more familiar with terms used consistently by different issuers. We believe that due consideration of the formatting and content requirements of the Schumer box will contribute to its ongoing effectiveness and facilitate consumers' ability to compare available credit terms and to make informed decisions regarding the use of open-end credit.

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American Express appreciates the opportunity to provide these comments. We would welcome the opportunity to discuss any of the ideas above with you or your staff. Please do not hesitate to call me at 212-640-5418. Thank you.

Sincerely,

Thomas J. Ryan
Group Counsel